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QATAR: The ruler of the Persian Gulf state of Qatar was deposed yesterday morning by his cousin, Sheik Khalifa ibn Hamad al-Thani, the heir apparent and prime minister.

The ouster took place while Sheik Ahmad ibn Ali al-Thani, the former ruler, was in Iran on a hunting trip. Shortly after the change of leadership was announced on the local radio, Sheik Khalifa increased the salaries of security forces and other civil servants and canceled debts due the government from low income purchasers of public housing. No opposition to the coup has been observed.

The two cousins were at odds during the mid-1960s, but their relations seemed to have improved in recent years. Sheik Khalifa has had the responsibility of running Qatar on a day-to-day basis, while the ousted ruler spent much of his time abroad. The ruling family is large--numbering perhaps 500 male members--and well-armed. Some members have a reputation for undisciplined behavior, so the new ruler will have to make certain that he has the support of the various branches of the family.

The 3,000-man public security force, which is divided between military and police components, is largely comprised of Saudi Arabian and Yemeni mercenaries. It is commanded by Muhammad Mahdi--born Ronald Cochrane--a former British officer converted to Islam. The public security force, thus far, has shown no sign of becoming involved in internal affairs.

Qatar, an oil-producing state with a population of approximately 130,000, became independent last September when its treaty relationship with the UK was ended.

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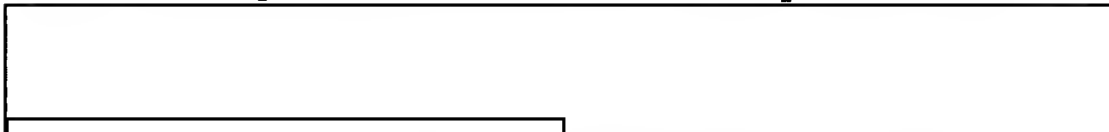
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CHILE-USSR: The Soviets may be seeking to play a greater role in their economic relations with Chile.

A high-level Soviet economic mission recently concluded a three-week stay in Chile. The communiqué issued at the end of the visit was very general, indicating that the Soviet delegation probably was empowered only to study the Chilean economy and discuss utilization of Soviet economic development credits. The communiqué referred to several industrial sectors in which the two countries may collaborate during 1972-75, called for an increase in trade, and reaffirmed several agreements reached earlier.

Political and economic contacts between the two governments were low key last year, with Soviet economic activity limited to survey work in certain sectors of the Chilean economy, probably the result of the preferences of both sides. The wide range of expertise represented by the economic mission, however, may indicate an interest in expanding economic relations. Moreover, the fact that the delegation's visit immediately followed the visit to Chile by Andrey Kirilenko, a Soviet party central committee secretary and politburo member, suggests greater Soviet willingness to support the Allende regime.

Some top Chilean Army leaders still are reluctant to accept Soviet offers of military assistance.



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The Chilean military establishment would find it difficult to refuse an attractive offer, however, particularly because it wants new equipment. The Allende government, hard

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pressed for funds, apparently is urging the army to accept the Soviet offer of credits. The officers' reluctance is based on a fear of the accompanying Soviet military presence and the complicated logistic problem that would result from a large influx of Communist arms.



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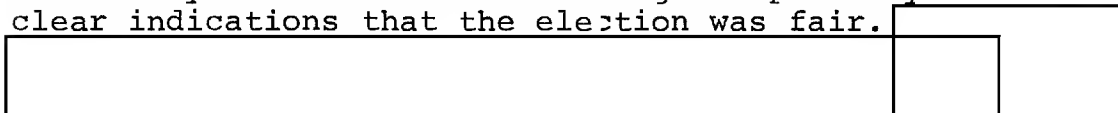
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*EL SALVADOR: A tense calm prevails in the wake of Sunday's photo-finish presidential race; official results are not expected before tomorrow, but the governing party's candidate, Colonel Molina, is virtually certain to emerge with the largest plurality.

Because none of the four candidates polled a majority, the legislature will make the final selection early next week between the two front runners, Molina and Napoleon Duarte, candidate of the left-of-center coalition. Although the Legislative Assembly is not legally bound to elect the candidate with the larger plurality, there is little doubt that Molina will be named. His party holds 34 of the 52 seats.

Opposition coalition leaders, meanwhile, have seized upon the government's delay in announcing the final tally as proof that the results are being altered. The figures released thus far are credible, however, in view of the past performance of the various parties and their relative organizational strengths. To the average Salvadoran the lack of a clear majority for the government candidate and the fact that the opposition parties carried areas where they were known to be strong are probably clear indications that the election was fair.



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*Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Defense Intelligence Agency, Department of Defense.

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MOROCCO: The initial reaction of the opposition National Front coalition to the King's proposed constitutional changes is negative, but the Front has not said it will campaign for a "no" vote in next week's referendum.

The Front's public statement on the proposed changes, issued after a hastily convened meeting of its central committee, avoided an outright rejection. It declared that the proposals do "not respond to the demands of the situation or constitute a valid solution." The Front's major complaint seems to be that the King has not agreed to other demands, including naming a new Front-approved government, dissolving the present parliament, and holding new elections. [REDACTED]

[REDACTED] only the head of the Berber-based Popular Movement, a party created more than a decade ago to bolster support for the monarchy in rural areas, has endorsed the constitutional changes.

The King's precipitate action in presenting the proposals as a fait accompli to the opposition, with whom he has held political discussions over the past four months, is characteristic of Hassan's method of government. The King clearly is attempting to weaken his opponents by selective concessions which would sow confusion in their ranks. This tactic, however, is likely to undermine and discredit the more able and responsible Moroccan political leaders and may in the long run create more difficulties for him. [REDACTED]

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MEXICO: President Echeverria reportedly has threatened to fire the Chihuahua state governor unless he quiets university protest over alleged "needless" student deaths.

Students at the University of Chihuahua, led by a professor who is also an official in the local Communist party, are calling for the resignations of the governor and his attorney general and an investigation into the deaths. They claim that police needlessly killed four students who were involved in a triple bank robbery in Chihuahua on 15 January. Echeverria, apparently fearing the protest could grow more serious, reportedly has ordered the governor to dismiss his attorney general with the threat that if this move failed to quell the protest, the governor himself would be the next to go.

Twice in the past Echeverria has attempted to placate dissenting students by removing high government officials. In May 1971 the governor of Nuevo Leon was forced to resign after Echeverria decided a university crisis in favor of the students. One month later he fired the mayor and police chief of Mexico City, allegedly to facilitate an investigation of an incident in which several students were killed. The US Embassy notes also that relations between Echeverria and the Chihuahua governor are not good, chiefly because the governor did not support Echeverria as the ruling party's presidential candidate.

The president currently is faced with student strife at Sinaloa University and obviously does not want that unrest, coupled with the Chihuahua protest, to grow into a widespread cause for students.

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C CONGO: Confused power plays yesterday apparently left President Ngouabi in control.

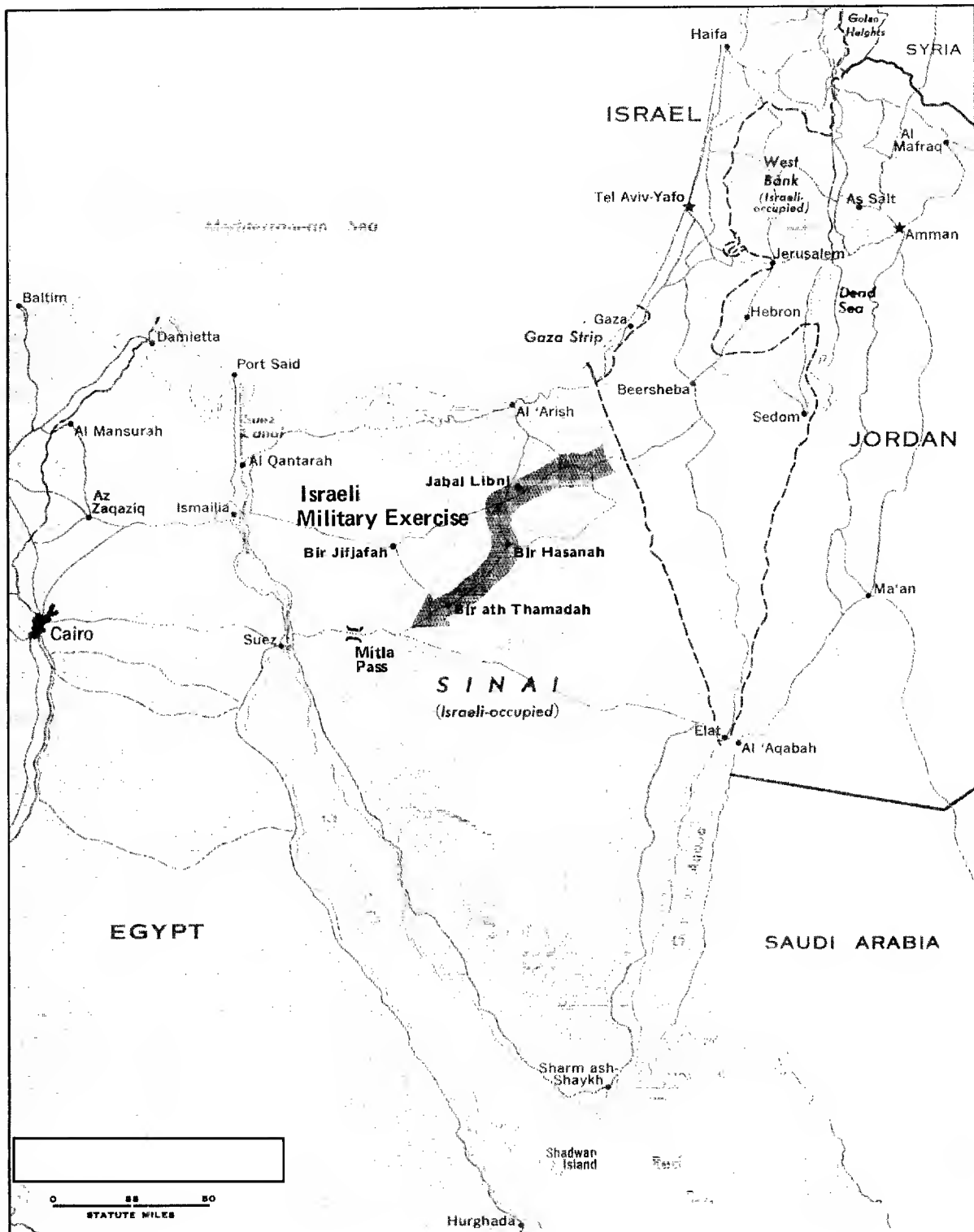
President Ngouabi returned from a coastal visit to Brazzaville on 22 February where he announced that loyalist troops in his absence had foiled a take-over by radical military elements. His remarks indicated that the government again holds the capital's key installations, including its broadcasting facilities. The purported coup leader, army political commissar Diawara, remains at large with a few associates; not all the rebellious soldiers have been disarmed.

At the same time, army Chief of Staff Yhomby-Opango, ostensibly Ngouabi's closest military supporter and a fellow tribesman, claimed he countered the coup in consultation with the president, and was not making a separate bid for power. Radio Congo initially charged Yhomby-Opango with arresting certain political bureau members without authorization and trying to overturn Ngouabi in a rightist plot.

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NOTES

EAST GERMANY - WEST GERMANY: Pankow's announcement yesterday that it intends to implement the inter-German transit and inner Berlin travel agreements over two holiday periods is clearly timed to influence the Bundestag's consideration today of the Soviet and Polish treaties. The East Germans described the decisions as "temporary" for the Easter and Pentecost holidays and billed them as a gesture of "good will" toward European detente. East Germany hopes the announcement will generate support for the treaties in the Bundestag debate. The failure of Bonn to win comparability between West Berlin and West German travel rights in the GDR has been a major reason for opposition to Brandt's Ostpolitik. Putting these agreements into effect even temporarily would upset the understanding that this action should follow the signing of the quadripartite protocol. [REDACTED]

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ISRAEL: The Israelis began their largest and most complex war games on 20 February. Armor, para-troop, and infantry brigades, backed by close air support and artillery, moved from northeast Sinai westward to Jabal Libni, south to Bir Hasanah and then on toward the Bir ath Thamadah area. The objective of the game was to stage an Israeli counter-attack against Egyptian forces moving through the Mitla Pass. Most phases of the operation that involved some 1,000 tanks and armored personnel carriers reportedly were well executed, although a serious command and control problem did develop. Prime Minister Meir, Defense Minister Dayan, Chief of Staff Elazar and some cabinet and Knesset members observed the exercise. [REDACTED]

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ECUADOR: President Rodriguez faces his first major problem since taking power last week with the resignations of the commanders of the navy and air force, who, with the recently named army commander, were to serve as a government council. Admiral Vallejo and General Espinosa reportedly believed that they were nothing more than figureheads and that real power would be exercised by Rodriguez and his army advisers. In addition, Espinosa is senior to Rodriguez, and the new army commander was only third in seniority of army colonels. The navy and air force apparently also felt slighted by the composition of the cabinet--the navy received two ministries and the air force one. As long as Rodriguez retains the support of the important army commands he can remain in office, but the lack of unified military backing is certain to hamper his exercise of power. [REDACTED]

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EC: Substantial differences over the initial narrowing of the permissible margin of fluctuation among EC currencies have become evident in economic and monetary union discussions following the recent Brandt-Pompidou accord. German Economics and Finance Minister Schiller and French Finance Minister Giscard d'Estaing agreed upon a reduction of the EC margin from the current 4.5 percent to 2.25 percent at this time, although the ministers did not reach corresponding accord on economic policy coordination. At the EC Monetary Committee meeting last week the other states expressed preferences for intra-EC margins ranging from 1.5 percent to three percent. The Dutch favor only a small initial reduction in margins to three percent. They believe that an overly ambitious harmonization scheme would not succeed and could lead to the adoption of national policies harmful to European unity. Proposals on economic and monetary union are to be discussed at an EC finance ministers union meeting, which the UK also will attend, scheduled for 6-7 March. [REDACTED]

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JAPAN: Tokyo's planned liberalization of foreign exchange controls on 1 April will help pave the way for the eventual creation of a broader based international money market in Japan. In the short-run, however, the liberalization will have little impact on the local foreign exchange market, primarily because few Japanese firms now are willing to hold dollars any longer than necessary. Under the new rules, local firms no longer will be required to sell their foreign exchange earnings from goods and services trade to exchange banks within a specified time period. In addition, non-residents will be permitted to open foreign exchange accounts, although transactions in these accounts still will require official approval.

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